

Corporate Financial Theory MBA 680 Course Syllabus

Course Description

Corporate finance is central to the operation of every organization. This course explores the theoretical aspects of corporate finance. The end goal is to provide students with the tools necessary to conduct accurate financial analysis. For students pursuing a career in finance, the topics provide the foundation for an immersion in the science of finance. Students pursuing non-finance careers will receive a complete coverage of finance issues encountered by all senior managers.

Detailed coverage of corporate finance issues is addressed in this course. Topics such as cost of capital, value of the firm, derivative securities, efficient capital markets, capital structure and others are covered in the context of value maximization.

Strong mathematical skills and extensive use of computer based tools are required. Prerequisite foundation courses are integrated throughout the course and students are assumed to have a working knowledge of financial accounting, economics and statistics.

Course Objectives

At completion of the course, students will be able to:

- ⇒ Use financial theory and its associated tools to analyze financial scenarios.
- ⇒ Make capital budgeting decisions based on theoretical principles.
- ⇒ Determine capital structures and other financial policies using CAPM and other tools.
- ⇒ Understand and apply risk, return, opportunity cost, and cost of capital concepts.
- ⇒ Identify the key principles of securities markets, futures & options and understand how each works.
- ⇒ Apply financial analysis concepts to mergers & acquisitions and international finance.

Instructor

Dr. Matthew W. Will

Email – mwill@uindy.edu (when sending email...start subject with...**MBA680**)

Phone: 788-3370 Office: Esch Hall 52

Web: www.mattwill.com (see course web page for supplemental information)

Assignments, homework policy, lecture slides, and actual lectures are available online. A link to textbook web site is provided. Students are encouraged to visit the web on a regular basis.

Office Hours

Mon 11:00am – 12:00am

Wed 11:00am – 12:00am

Thr 8:00am – 9:00am

By appointment

Student Handbook

All students are required to have a complete understanding of the student handbook, especially as it related to student rights and responsibilities. It is up to the student to understand the this document.

Academic Dishonesty and Plagiarism

You must not adopt or reproduce ideas, words, or statements of another person without giving an appropriate acknowledgement to the source. You must give due credit to the originality of others and acknowledge an indebtedness wherever you:

- Quotes another person's actual words, either oral or written;
- Paraphrases another person's words, either oral or written;
- Uses another person's ideas, opinions, or theories; or
- Cites facts, statistics, or other illustrative material, unless the information is common knowledge.

All assignments must be your original work and not the work of other students. Neither group work nor the individual work of another student may be submitted by you. Submission of such work will be considered academic misconduct. Incidents of academic misconduct, dishonesty and/or plagiarism will be handled as per the Student Handbook.

Assignments

All students MUST have a Homework Manager account. Most assignments will be submitted via homework manager. Homework manager assignment access will be turned on and turned off on the dates noted online. Students are required to verify the dates and ensure completion of the assignments as listed online. Waivers must be requested via email by the student prior to the assignment due date or they will not be granted. Waivers will be granted at the instructor's discretion.

All other assignments must be submitted in either a single file and sent via email, BEFORE the next class meeting, after the homework is assigned. The file name must be YOUR last name followed by the number of the assignment. (i.e. WILL_2.DOC), and the subject line MUST start with **MBA680**.

Class Attendance, Preparation & Participation

Class attendance is an important part of the academic process, and you are expected to attend classes regularly and to manage your schedule in order to meet the demands of this course. If you are absent, you will be responsible for arranging makeup work to be completed prior to the absence or immediately upon return to class at the instructor's discretion. As per the student handbook, reasonable documentation or verification of claims regarding absences may be requested.

Class preparation is critical to success in this course. You are expected to:

- (a) read the assigned material prior to arriving to class, as well as
- (b) review the solved problem illustrations in the chapter and
- (c) prepare a list of questions that you have about the topic.
- (d) participate in class discussions

Please note that the course topics build upon prerequisite knowledge of fundamental business concepts, algebra and basic spreadsheet skills. If you feel you may be deficient in any of these areas, you are encouraged to review them and/or seek tutoring outside of class.

Required Materials

Principles of Corporate Finance by Brealey, Myers and Allen, 9th ed., New York: McGraw Hill, Inc. 2008.

Email Account - (send Email to instructor BEFORE 2nd class)

Financial Calculator - (recommend HP12C)

Access to Personal Computer and Spreadsheet program

Homework Manager Account and Turnitin.com account

Recommended Material

FinCoach by Puneet Handa, Version 2.0, New Jersey: Prentice Hall, Inc. 2002
Link to FREE version 1.0 available at Professor Will's website.

Course Requirements

35% Mid Term
35% Final
15% M&A Case Analysis
15% Homework Problems

Grading

A 90-100%
B 80-89%
C 70-79%
F 0-69%

Pluses and minuses are assigned at the instructor's discretion.

Tentative Schedule (subject to change at the instructor's discretion)

Dates	Topic	Reading	Assignment
Aug 26/27	NPV, IRR, Annuities, NPV Applications	3, 5, 6, (7.3)	HM #1
Sept 2/3	Risk, Return, Cost of Capital, and CAPM	8, 9	HM #2
Sept 9/10	Capital Budgeting & Project Analysis	10, 11	HM #3
Sept 16/17	Financial Distress and Agency Theory	12, 13	HM #4
Sept 23/24	Capital Markets and Market Efficiency	14, 15, 16	HM #5
9/30 & 10/1	Payout Policy and Debt Policy	17, 18	HM #6
Oct 7/8	Catch Up / Review for Midterm		
Oct 14/15	MIDTERM EXAM		
Oct 21/22	Capital Structure & Firm Value	19, 20	HM #7
Oct 28/29	Debt	4, 24, 25	HM #8
Nov 4/5	Mergers & Acquisitions	32	M&A Project
Nov 11/12	Options	21, 22, 23	
Nov 18/19	Futures Contracts and Hedging	27	
Nov 25/26	NO CLASS - Thanksgiving		
Dec 2/3	International Finance / Review for Final	28, 34	
Dec 9/10	FINAL EXAM		

Topic lectures are available online at <http://students.uindy.edu/~mwill/mba680.htm> . These are not substitutes for class lectures, but merely correspond with the material covered in the book. Material presented in class will vary from the topics covered in the assigned chapters.